



## Accounting and Business Research

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/rabr20>

### Introduction

Robert Hodgkinson<sup>a</sup>

<sup>a</sup> Executive Director, Technical, The Institute of Chartered Accountants, England, Wales

Published online: 04 Jan 2011.

To cite this article: Robert Hodgkinson (2009) Introduction, *Accounting and Business Research*, 39:3, 175-176, DOI: [10.1080/00014788.2009.9663358](https://doi.org/10.1080/00014788.2009.9663358)

To link to this article: <http://dx.doi.org/10.1080/00014788.2009.9663358>

PLEASE SCROLL DOWN FOR ARTICLE

Taylor & Francis makes every effort to ensure the accuracy of all the information (the "Content") contained in the publications on our platform. However, Taylor & Francis, our agents, and our licensors make no representations or warranties whatsoever as to the accuracy, completeness, or suitability for any purpose of the Content. Any opinions and views expressed in this publication are the opinions and views of the authors, and are not the views of or endorsed by Taylor & Francis. The accuracy of the Content should not be relied upon and should be independently verified with primary sources of information. Taylor and Francis shall not be liable for any losses, actions, claims, proceedings, demands, costs, expenses, damages, and other liabilities whatsoever or howsoever caused arising directly or indirectly in connection with, in relation to or arising out of the use of the Content.

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden. Terms & Conditions of access and use can be found at <http://www.tandfonline.com/page/terms-and-conditions>

# Introduction

I am pleased to introduce this fourth edition of *International Accounting Policy Forum*, an annual publication designed to enhance the interaction of academic and practitioner communities on important public policy issues related to accounting.

It is hard to recall a time when accounting for pensions was *not* controversial. It is a subject that brings together some of the hardest questions in financial reporting: the measurement of assets that are held for the long term but subject to significant short-term fluctuations, the measurement of distant and uncertain liabilities, the apportionment of costs over long periods, and some very difficult presentation issues. These questions are significant not only in relation to pensions. Accounting for pensions presents extreme instances of problems that arise in many areas of financial reporting.

On top of this, changes in financial reporting are alleged by some to be the prime cause of the decline and fall of defined benefit pension schemes. For all these reasons, accounting for pensions proved to be a highly topical theme for the ICAEW's Information for Better Markets Conference in December 2008. Five of the papers in this issue of *International Accounting Policy Forum* were presented at that conference.

In planning the conference we thought it important to look at how pension provision is developing, as it is the nature of pension provision that determines the important questions in pension accounting. We were also keen to take a global perspective on the issues, and not to start from the assumption that the forms of pension provision that are familiar in the Anglo-Saxon world are the only ones that deserve attention or that pose problems for financial reporting. Nicholas Barr's paper brings together behavioural economics and the economics of information in a review of underlying issues and international trends in pension provision. He reminds us that, from an economist's perspective, the key issue is not current funding, but future consumption.

Christopher Napier tackles the key question directly: how should we account for pensions? While his survey is unlikely to end the debate – it is difficult to see what would – it provides an analysis of the 'logic' of pension accounting. It also shows how the focus of thinking has changed over the decades, from an exercise in cost-smoothing to an emphasis on liability measurement, with the an-

nual cost emerging as a highly volatile residual.

Vicky Kiosse and Ken Peasnell examine the evidence for the controversial charge that accounting has killed the defined benefit pension scheme. Their conclusion, very broadly, is that it has indeed been one of the factors in changing the nature of pension provision, but that other causes have played a larger part. They point out that this is not a simple question of whether or not to have a defined benefit scheme. Accounting also affects related issues such as pension schemes' asset allocations and – in the US – post-retirement health-care provision.

Martin Glaum's comprehensive survey of pension accounting research highlights, among other things, the geographical limitations of what has been done to date, which is concentrated on evidence from the US. As his paper highlights, pension provision in other countries – in Continental Europe, for example – is significantly different from the position in the UK and US. It may pose different accounting problems and certainly merits its own research. Professor Glaum's observation that analysts and investors appear to have difficulties in processing complex pension disclosures is relevant to the wider debate on complexity in financial reporting.

Wayne Landsman's short comment paper was presented as a response to practitioner contributions to the conference. He draws attention to the different types of costs that can be imposed by changes in financial reporting standards – an issue that the ICAEW intends to pursue further at the December 2009 Information for Better Markets Conference and in next year's special issue of this journal. The specific comments that Professor Landsman was responding to are not reproduced here, but can be viewed in a webcast – with the rest of the conference proceedings – at [www.icaew.com/bettermarkets](http://www.icaew.com/bettermarkets).

We also have in this issue the papers from the P. D. Leake Lectures for 2007 and 2008.

Christopher Cowton's paper is, in part, a follow-up to the ICAEW's *Reporting with Integrity*, a report published in 2007. His paper provides a challenging re-examination of the whole question of the relationship between professional bodies and ethics. The 'challenge', as he reminds us, is to ensure that a profession is 'a valuable technical and ethical endeavour' and not, as George Bernard

Shaw suggested, 'a conspiracy against the laity'.

Geoff Meeks and Peter Swann present an interdisciplinary paper that does what, as far as I know, has not been done before. It relates what we know about the economics of standards in general, which addresses questions such as those arising from technical standardisation of the components in a personal computer, to the question of the economics of accounting standards, which has hitherto been analysed from other perspectives – such as the economics of information and the theory of regulation. While this is far from the only issue that they address, many readers will want to know their answer to the question of whether a world with a single accounting standard-setter would be superior to a world with two or more standard-setters. They conclude, no doubt correctly, that the evidence is 'not decisive'.

I am grateful to all the distinguished academic and practitioner contributors to this publication. This issue of *International Accounting Policy Forum* contains more papers than usual and so special thanks are due to Pauline Weetman for her continuing support as editor. Finally, I want to thank the ICAEW's charitable trusts, which generously provided funding to support the Information for Better Markets Conference in December 2008, the P. D. Leake Lectures in 2007 and 2008, and the preparation of the related academic papers for publication.

Robert Hodgkinson  
Executive Director, Technical  
The Institute of Chartered Accountants  
in England and Wales

March 2009